

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Eastern Aero Marine Inc.

Florida Manufacturing Extension Partnership

Eastern Aero Marine Reduces Inventory To Boost Customer Service

Client Profile:

Eastern Aero Marine is a \$10,000,000 domestic producer of life vests and rafts for the worldwide aircraft and marine industry. The company serves government, commercial, and retail marine markets. In addition, it serves worldwide governmental, commercial, retail and distribution markets. Eastern Aero Marine supplies companies such as United Airlines, Air France, Boeing and Airbus, and is a major supplier to the United States Department of Commerce. Located in Miami, Florida, the company employs less than 250 people.

Situation:

High levels of raw material inventory at Eastern Aero Marine consumed excess cash and space. Unable to find a solution to the problem, the company asked the Florida Manufacturing Extension Partnership (Florida MEP), a NIST MEP network affiliate, to assist.

Solution:

Florida MEP performed a three-day value stream map (VSM) analysis of the warehouse and its procedures and processes for both adding inventory and relieving inventory. The VSM involved interviewing the purchasing, materials, and manufacturing managers and the Director of Manufacturing. The result prompted an analysis of the top dollar parts used in the manufacture of the most popular vests, which were compared to actual annual usage and market demand. Florida MEP compared these results to the current inventory levels, which showed dramatic overstock on almost every part.

Florida MEP then prepared a current state map that provided important material and information flow, laying the groundwork for recommendations and a proposed future state. Important current state conditions, such as the purchase of products independent of market demand, the storage of raw material in many different locations, ordering to economical order quantities (EOQs), and the moving of material around several times before actual consumption, prompted the opportunity for significant cost reduction. Among other suggestions, Florida MEP identified several warehouses for elimination, recommended purchasing policy be dictated by customer demand, not EOQ, significantly reduced paperwork, and eliminated redundant approval processes. All these suggestions helped lower costs, shorten lead times, and improve customer service.

Results:

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Reduced total inventory by 71 percent.

Implemented point-of-use Storage (POUS) to eliminate the need for a mezzanine warehouse.

Saved at least two days of material movement and redundant approvals.

Shortened lead times by 10 days.

Greatly improved customer service.

Testimonial:

"This Value Stream Map Analysis performed by the Florida MEP was invaluable in allowing us to actually see, quantify and prioritize real opportunities for cost reduction. It focused our attention to the areas that would provide the greatest financial impacts with the least amount of investment in terms of capital and labor. We have begun implementing the recommendations of the Florida MEP and already the results in lower inventory, shorter lead time and improved customer service are tremendous."

Paul H. Streb, Director, Manufacturing Operations